

## REMARKS

Claims 1-13 and 17-23 have been canceled without prejudice. Claim 14 has been amended. New claims 24-46 have been added. Claims 14-16 and 24-46 are pending in the present application:

### 35 U.S.C. § 102 Rejections

The Examiner has rejected claims 1-5, 7, 10-17, 19 and 21-23 under 35 U.S.C. § 102(b) as being anticipated by Didriksen, et al., (U.S. Patent 6,728,597). Applicants respectfully submits that Didriksen does not teach all the limitations of the claimed invention.

Didriksen teaches a storage arrangement that includes frames arranged on a carousel. Items are placed on trays that are held by the frames. (See, e.g., col. 10, lines 39-43). When the items are to be picked up, the carousel turns such that the frame and item are in line with the pick up location. (See, e.g., col. 11, lines 8-23).

Didriksen does not disclose a separate static storage area into which a stock transfer mechanism can place stock instead of the circulating storage region. There is no indication in Didriksen of two different storage areas, there is solely one circulating storage region. This is because Didriksen teaches a postal sorting system which simply accommodates items of different size, and then allows rapid access to pull any one off at a time. The items of post cannot be 'grouped'

into high and low demand frequency. Didriksen does not address putting items of stock into the most appropriate storage area depending on its nature and expected frequency demand.

Claim 14 has been amended to further clarify a static storage area in addition to the circulating storage regions, and the selectivity of the stock transfer means. Support for the amendment can be found at least at page 6, lines 32-35, and page 7, lines 17-20. Claim 14 recites (amendments in underlining):

14. An automated stock storage and retrieval system comprising stock transfer means for transferring items of stock from an input area to a static storage area and for subsequently retrieving said items of stock, the system further comprising an apparatus for storing and dispensing of a plurality of items of stock comprising a plurality of storage regions and a dispensing station, wherein said storage regions are arranged to circulate around a continuous path such that each storage region is periodically brought into alignment with the dispensing station so as to allow items to be removed from the storage region at the dispensing station; wherein the stock transfer means is arranged selectively to load items onto either said circulating storage regions or said static storage area.

Therefore, Didriksen does not teach all of the limitations of claim 14, and thus does not anticipate claim 14. Applicants respectfully submit that claim 14 is in a condition for allowance for at least this reason.

Claims 1-13 and 17-23 have been canceled without prejudice. It should be noted that newly added claim 38 includes subject matter similar to claim 17 and further includes language for a static storage area in addition to circulating

storage regions, as discussed above for claim 14, and thus is in a condition for allowance for at least the same reasons as stated above.

### 35 U.S.C. § 103 Rejections

The Examiner has rejected claims 6 and 18 under 35 U.S.C. § 103(a) as being unpatentable over Didriksen, et al. in view of Coles, et al. (U.S. Patent 5,363,258). Claims 6 and 18 have been canceled and the subject matter of claims 6 and 18 are embodied in newly added claims 28 and 39. New claims 28 and 39 depend from claim 14, and thus include all limitations of claim 14. As shown above, Didriksen does not teach a separate static storage area into which a stock transfer mechanism can place stock instead of the circulating storage region. Coles does not cure this deficiency. Therefore, the combination of Didriksen in view of Coles does not teach all the limitations of claims 28 and 39, and thus do not render claims 28 and 39 obvious. Applicants respectfully submit that claim 28 and 39 are in a condition for allowance.

The Examiner has rejected claim 8 under 35 U.S.C. § 103(a) as being unpatentable over Didriksen, et al. in view of Bossler, et al. (U.S. Patent 4,470,741). Claim 8 has been canceled and thus the rejection is moot.

The Examiner has rejected claims 9 and 20 under 35 U.S.C. § 103(a) as being unpatentable over Didriksen, et al. in view of Pohjonen, et al. (U.S. Patent 5,380,139). Claims 9 and 20 have been canceled and the subject matter of claims 9

and 20 are embodied in newly added claims 31 and 41. New claims 31 and 41 depend from claim 14, and thus include all limitations of claim 14. As shown above, Didriksen does not teach a separate static storage area into which a stock transfer mechanism can place stock instead of the circulating storage region. Pohjonen does not cure this deficiency. Therefore, the combination of Didriksen in view of Pohjonen does not teach all the limitations of claims 31 and 41, and thus do not render claims 31 and 41 obvious. Applicants respectfully submit that claim 31 and 41 are in a condition for allowance.

#### Newly Added Claims

New claims 24-37 ultimately depend from independent claim 14 and are thus in a condition for allowance for at least the same reasons as stated above. Furthermore, new claim 38 and its dependent claims 39-46 are in a condition for allowance for at least similar reasons as discussed above since independent claim 38 includes language for a static storage region in addition to circulating storage regions.

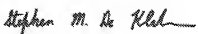
Applicant respectfully submits that the present application is in condition for allowance. If the Examiner believes a telephone conference would expedite or assist in the allowance of the present application, the Examiner is invited to call Stephen M. De Klerk at (408) 720-8300.

Please charge any shortages and credit any overages to Deposit Account  
No. 02-2666. Any necessary extension of time for response not already requested  
is hereby requested. Please charge any corresponding fee to Deposit Account  
No. 02-2666.

Respectfully submitted,

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